

Transportation, Housing and Urban Development, and Related Agencies (THUD): FY2011 Appropriations

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Summary

President Obama requested a total of \$123.7 billion for FY2011 for the Department of Transportation, the Department of Housing and Urban Development, and the related agencies that are funded through the annual Transportation, Housing and Urban Development, and Related Agencies Appropriations (THUD) act. This request represented an increase of approximately \$1.6 billion (1.3%) over the \$122.1 billion provided in the FY2010 THUD appropriations act.

During the second session of the 111th Congress, the House passed an FY2011 THUD appropriations bill (H.R. 5850) that would have provided \$126.4 billion (3.5% over the FY2010 enacted level). The Senate did not pass an FY2011 THUD appropriations bill; the Senate Committee on Appropriations reported out an FY2011 THUD appropriations bill (S. 3644) that recommended \$122.8 billion (less than 1% over FY2010). In the absence of passage of a THUD appropriations act for FY2011, Congress has provided funding for the THUD agencies (and other government agencies) through a series of continuing resolutions (CRs). The 111th Congress provided funding through March 4, 2011 (P.L. 111-322), at roughly FY2010 funding levels.

The 112th Congress resumed the FY2011 appropriations process, with the House under new leadership and expressing an intent to reduce non-security-related federal discretionary spending. With only a little over half of FY2011 left when the March 4 CR expired, and the budget request for FY2012 already submitted, debate over FY2011 appropriations shifted to the question of how much would be cut from the current total discretionary funding level. On February 18, 2011, the House passed H.R. 1, a bill to fund the government for the remainder of the fiscal year, which would have cut discretionary funding not only below the FY2011 requested level but also below the FY2010 enacted level. It would have provided \$108.0 billion in total budgetary resources for THUD, 11% below the FY2010 enacted level. On March 9, 2011, the Senate considered, but failed to pass, both H.R. 1 and a Senate amendment to H.R. 1 (S.Amdt. 149) that would have cut total discretionary funding below the FY2011 request but left it above the FY2010 enacted level. It would have provided \$118.3 billion for THUD, 3% less than the FY2010 enacted level.

For the Department of Transportation (DOT), the President's FY2011 budget requested a total of \$77.7 billion. That was \$2.0 billion (2.6%) above the \$75.7 billion provided for FY2010. The House-passed H.R. 5850 (111th Congress) would have provided \$79.4 billion (\$3.7 billion over FY2010); the 111th Congress's Senate Committee on Appropriations recommended \$75.8 billion (\$0.1 billion over FY2010). In the 112th Congress, H.R. 1 would have provided \$68.3 billion (\$7.4 billion below FY2010); S.Amdt. 149 would have provided \$73.7 billion (\$2.0 billion below FY2010).

For the Department of Housing and Urban Development (HUD), the President's FY2011 budget requested about \$45.6 billion in net new budget authority, a decrease of about 1% from the FY2010 enacted level. However, the requested decrease in net new budget authority actually represented a 3% increase in new funding for HUD programs, as the overall increase in appropriations would have been more than offset by a substantial increase in offsetting collections and receipts, which were expected to come from proposed changes to the Federal Housing Administration (FHA) mortgage insurance programs. Both the FY2011 House and Senate bills in the 111th Congress would have provided a 5% increase over FY2010 in appropriations for HUD programs in aggregate. In the 112th Congress, H.R. 1 would have provided \$38.6 billion (about \$7 billion below FY2010). S.Amdt. 149 would have provided \$44.9 billion (over \$1 billion below FY2010).

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Most Recent Developments

On March 17, 2011, Congress passed P.L. 112-6—the sixth in a series of continuing resolutions (CRs)—to fund the federal government through April 8. It cut \$6 billion in discretionary funding, of which \$50 million came from DOT (funding for a rail safety technology grant program) and \$18 million from HUD (brownfields program).

On March 9, 2011, the Senate rejected H.R. 1, and also rejected a Senate substitute amendment to H.R. 1 that would have provided \$51 billion more in total federal discretionary funding than H.R. 1 (i.e., a cut of \$49 billion from the FY2011 request and \$10 billion below the FY2010 enacted level).

On March 2, 2011, Congress passed P.L. 112-4, providing funding for the federal government through March 18. It cut \$4 billion in discretionary funding, of which \$1.2 billion came from THUD (\$947 million from two DOT highway earmark programs and \$195 million from two HUD Community Development Fund earmark programs).

On February 19, 2011, the House passed H.R. 1, a continuing resolution to fund the federal government for the remainder of FY2011. It would have provided \$100 billion less in total federal discretionary funding for FY2011 than the President requested, and \$61 billion less than enacted for FY2010. For THUD, the bill would have provided \$16 billion less than requested for FY2011, and \$15 billion less than enacted for FY2010 (though some of these cuts were actually rescissions of unobligated grant funds from previous years).

On December 21, 2010, the outgoing 111th Congress passed P.L. 111-322, a continuing resolution providing funding for the federal government through March 4, 2011. Programs were generally funded at their FY2010 level.

On September 30, 2010, the President signed P.L. 111-242, a continuing resolution to fund the government for the first two months of FY2011 (through December 3, 2010). Programs were generally funded at their FY2010 funding level.

On July 29, 2010, the House passed its version of the FY2011 Department of Transportation, Housing and Urban Development, and Related Agencies Appropriations Act (H.R. 5850). The bill provided a total of \$126.4 billion in funding, \$4.3 billion (3.5%) more than FY2010 enacted level and \$2.5 billion (2.2%) more than requested. As the House rejected a new \$4 billion infrastructure fund proposed by the Administration, the House bill's increase over the requested funding levels for existing programs is larger than the bottom line comparisons indicate.

On July 23, 2010, the Senate Committee on Appropriations reported its version of the FY2011 Department of Transportation, Housing and Urban Development, and Related Agencies Appropriations Act (S. 3644). The bill provided \$122.8 billion, \$675 million (0.5%) more than the FY2010 enacted level and \$841 million (0.6%) below the Administration request. As the committee also rejected the proposed \$4 billion infrastructure fund, it was able to provide the requested level of funding, or more, for most programs while staying below the total amount requested.

The President's Budget Request

The President's FY2011 request for the programs covered by this appropriations bill was \$123.7 billion (after scorekeeping adjustments). This was \$1.5 billion (1.2%) more than the amount enacted in the FY2010 THUD appropriations act.

The net total budgetary resources request for DOT was \$78.4 billion, \$2.0 billion (2.6%) more than equivalent amount provided in the FY2010 THUD appropriations act. The largest new item in the request was \$4 billion for a proposed infrastructure finance fund. In the 111th Congress, the House-passed bill (H.R. 5850) would have provided \$80.1 billion; the Senate Committee on Appropriations recommended \$76.5 billion. Both rejected the new infrastructure fund proposal (which allowed them to increase funding for other programs within the overall amount of the budget request).

The HUD funding request was \$45.6 billion (\$48.5 billion in total, but subtracting \$2.9 billion in offsetting receipts and collections). The gross total is \$1.5 billion (3%) more than the equivalent amount provided in the regular annual appropriations for FY2010. The largest new item in the request was \$350 million for a “Transforming Rental Assistance” initiative (to switch certain HUD rental assistance programs to subsidies that could go with the tenant to new private housing, rather than being tied to the rental unit). In the 111th Congress, the House-passed bill would have provided \$46.5 billion; the Senate Committee on Appropriations recommended \$46.6 billion. Both rejected the “Transforming Rental Assistance” request.

The President requested \$386 million for other related agencies in the THUD bill, less than 1% more than the \$384 million provided for FY2010. The bulk of this funding is for the Neighborhood Reinvestment Corporation (\$250 million, up from \$233 million in FY2010) and the National Transportation Safety Board (\$100 million, up from \$98 million in FY2010). In the 111th Congress, the House-passed bill would provide \$447 million; the Senate Committee on Appropriations recommended \$459 million.

The President also requested termination of three programs that received a total of \$345 million in the FY2010 THUD appropriations act, and reductions totaling \$947 million in four programs that received a total of \$3.0 billion in FY2010 (see **Table 1**). This was part of a budget-wide effort that requested 126 terminations, reductions, and savings in the FY2011 budget, totaling more than \$23 billion, from “programs that are outdated, ineffective, or duplicative.”¹ In the FY2010 budget request, the President requested termination of five programs under THUD that had received a total of \$212 million in FY2009. Congress did not fund two of the five programs in the FY2010 THUD act; the remaining three received increased funding, totaling \$346 million.

Table 1. Programs Requested for Termination or Reduction by President in the FY2011 Budget
(in millions of dollars)

Program	Agency	FY2010 Funding	FY2011 Request	FY2011 House	FY2011 Senate Committee	Notes
Terminations						
Brownfields	HUD	\$18	—	\$18	—	Also requested for termination in FY2010. Zeroed out in the March 19–April 8, 2011, CR.

¹ Office of Management and Budget, *Terminations, Reductions, and Savings: Budget of the U.S. Government, Fiscal Year 2011*, Washington, D.C., 2009, p. 1, <http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf>.

Program	Agency	FY2010 Funding	FY2011 Request	FY2011 House	FY2011 Senate Committee	Notes
Rail Line Relocation Grant Program	DOT (FRA)	34	—	—	—	Also requested for termination in FY2010
Surface Transportation Priorities	DOT (FHWA)	293	—	—	175	Also requested for termination in FY2010. Zeroed out in the March 5–March 18 CR.
Reductions in Funding						
Fair Housing Activities Program	HUD	72	61	72	72	
HOME Investment Partnership Program	HUD	1,825	1,650	1,825	1,825	
New Construction of Housing for the Elderly and Disabled—Housing for the Elderly	HUD	825	275	825	825	
New Construction of Housing for the Elderly and Disabled—Housing for Persons with Disabilities	HUD	300	90	300	200	
Total		\$3,367	\$2,076	\$3,022	\$2,922	

Source: OMB, Terminations, Reductions, and Savings: Budget of the U.S. Government, FY2011; H.Rept. 111-564; S.Rept. 111-230.

Status of the THUD Appropriations Bill

Table 2 notes the status of the FY2011 THUD appropriations bill, and **Table 3** lists the total funding provided for each of the titles in the bill for FY2010 and the amount requested for that title for FY2011.

Table 2. Status of FY2011 Transportation, Housing and Urban Development, and Related Agencies Appropriations

Bill	Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
	House	Senate						House	Senate	
H.R. 5850/S. 3644 (111th Congress)	7/1/10	7/21/10	7/26/2010 H.Rept. 111-564	7/29/2010 251-167	7/23/2010 S.Rept. 111-230	—	—	—	—	—
H.R. 1 (112th Congress)	—	—	—	2/19/2011 235-189						

Table 3. Transportation, Housing and Urban Development, and Related Agencies Appropriations, FY2010-FY2011

(in millions of dollars)

Title	FY2010 Enacted	FY2011 Request	FY2011 House (111 th Congress)	FY2011 Senate Committee (111 th Congress)	H.R. 1	S.Amdt. 149 to H.R. 1
Title I: Department of Transportation	\$75,699	\$77,701	\$79,367	\$75,766	\$68,287	\$73,717
Title II: Housing and Urban Development	46,059	45,571	46,555	46,592	38,594	44,874
Title III: Related Agencies	384	386	447	459	364	365
Total	\$122,143	\$123,658	\$126,393	\$122,817	\$108,000	\$118,300

Source: FY2010 and FY2011 request: budget tables in H.Rept. 111-564 accompanying H.R. 5850 and S.Rept. 111-230 accompanying S. 3644. H.R. 1 and S.Amdt. 149: estimates prepared by the Congressional Budget Office and March 4, 2011, press release from the U.S. Senate Committee on Appropriations. "Total" represents net total budgetary resources. Totals may not add up due to rounding and scorekeeping adjustments.

A Note on THUD Budget Numbers

The numbers cited in discussions of the THUD appropriations act can be confusing. For example, in the 111th Congress, the House Committee on Appropriations' summary of its draft bill reported the "Bill Total" of the President's request as \$68.74 billion,² while the Senate Committee on Appropriations' summary of its draft bill reports the "Total Resources" in its bill as \$122.5 billion.³ The two bills were not that dissimilar; the House bill actually contained \$126.4 billion in total budget resources. The "Bill Total" cited in the House summary merely omitted reference to one type of budget authority present in the THUD bill, contract authority. The Senate summary actually cited two figures for the bill: "Budget Authority Only" (\$67.9 billion) and "Total Resources" (\$122.5 billion), the difference being the inclusion of contract authority (generally referred to as "limitations on obligations") in the "Total Resources" figure.⁴

Contract authority is a form of budget authority based on federal trust fund resources, in contrast to "regular" (or discretionary) budget authority, which is based on the resources of the General Fund of the Treasury. The FY2011 Budget request for THUD requested \$68.7 billion from the General Fund of the Treasury, and another \$54.5 billion from trust funds, primarily the Highway Trust Fund and the Airport and Airways Trust Fund.

When Appropriations Committee subcommittees are given their "302(b) allocations"—that is, when the total amount that the Appropriations Committee has to spend for a fiscal year is divided among the subcommittees—that figure includes only discretionary budget authority; contract authority from trust funds is not included. Thus, the House THUD Subcommittee's FY2011

² http://appropriations.house.gov/images/stories/pdf/tranurb/THUD_FY11_FC_SUMMARY_Final_as_amended_-_7.20.10.pdf.

³ <http://www.appropriations.senate.gov/news.cfm?method=news.view&id=a99f2a12-649b-4fa4-bc43-f58303b4e142>.

⁴ For more on contract authority and limitations on obligations, see the section "Department of Transportation Budget and Key Policy Issues" below.

302(b) allocation was \$67.4 billion.⁵ But the subcommittee's bill also includes the contract authority funds (which are made available through limitations on obligations).

THUD Funding Trends

Changing Appropriations Subcommittee Structures

Between 2003 and 2008, the House and Senate Committees on Appropriations have reorganized their subcommittee structure three times. In 2003, a new subcommittee (Homeland Security) was added; in order to maintain the existing number of subcommittees at 13, the transportation appropriations subcommittees were combined with the Treasury, Postal Service, and General Government appropriations subcommittees, becoming the Subcommittees on Transportation, Treasury, and Independent Agencies.

2005

In early 2005, the House and Senate Committees on Appropriations again reorganized their subcommittee structures. The House Committee on Appropriations reduced its number of subcommittees from 13 to 10. This change included combining the Transportation, Treasury, and Independent Agencies subcommittee with the District of Columbia subcommittee; the resulting subcommittee also was given jurisdiction over appropriations for the Department of Housing and Urban Development and the Judiciary, as well as several additional independent agencies, and became known as the Subcommittee on Transportation, Treasury, Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies (or TTHUD).

The Senate Committee on Appropriations reduced its number of subcommittees to 12. The Senate also added jurisdiction over appropriations for the Departments of Housing and Urban Development and the Judiciary to the Transportation, Treasury, and Independent Agencies subcommittee. As a result, the areas of coverage of the House and Senate subcommittees with jurisdiction over this appropriations bill were almost, but not quite, identical; the major difference being that in the Senate the appropriations for the District of Columbia originate in a separate bill.

2007

At the beginning of the 110th Congress in 2007, the House and Senate Committees on Appropriations again reorganized their subcommittee structures. The House and Senate committees divided the responsibilities of the TTHUD subcommittees between two subcommittees, with the Transportation, Housing and Urban Development, and Related Agencies subcommittees (THUD) taking responsibility for DOT and HUD appropriations.

These changes make year-to-year comparisons of Transportation and Housing and Urban Development appropriations bills complex, as their appropriations appear in different bills in combination with various other agencies. Other factors, such as supplemental appropriations for response to disasters (such as the damage caused by the Gulf Coast hurricanes in the fall of 2005) and changes in the makeup of the Department of Transportation (portions of which were transferred to the Department of Homeland Security in 2004), also complicate comparisons of year-to-year funding. **Table 4** shows funding trends for DOT and HUD over the period FY2005-FY2010, omitting emergency funding and other supplemental funding, and the amounts requested

⁵ http://appropriations.house.gov/images/stories/pdf/Committee_Approves_FY2011_302b-07.20.10.pdf.

for FY2011. The purpose of **Table 4** is to indicate trends in the funding for these agencies, which is why emergency supplemental appropriations are not included in the figures.

Table 4. Funding Trends for Transportation, Housing and Urban Development, and Related Agencies, FY2005-FY2011

(in billions of current dollars)

Department	FY2005 ^a	FY2006 ^b	FY2007	FY2008 ^c	FY2009 ^d	FY2010	FY2011 Request
Title I: DOT	\$59.6	\$59.5	\$63.2	\$64.7	\$67.2	\$75.7	\$78.4
Title II: HUD	31.9	34.0	36.2	37.6	41.5	46.9	48.5 ^e

Source: United States House of Representatives, Committee on Appropriations, Comparative Statement of Budget Authority tables from fiscal years 2005 through 2010.

- FY2005 figures reflect a 0.83% across-the-board rescission.
- FY2006 figures reflect a 1.0% across-the-board rescission, but do not reflect emergency supplemental appropriations provided for DOT and HUD. DOT and HUD received emergency funding for response to the effects of the Gulf Coast hurricanes; DOT's total FY2006 funding, including emergency funding, was \$62.3 billion; HUD's total FY2006 funding, including emergency funding, was \$45.5 billion.
- FY2008 figures reflect a 2.0% rescission applied to most programs that included designated earmarks, but do not reflect emergency funding. DOT received \$195 million in emergency funding; HUD received \$3.0 billion.
- FY2009 figures do not reflect \$61.8 billion in emergency economic stimulus funding (P.L. 111-5).
- Includes \$2.9 billion in offsetting collections.

FY2011 Appropriations, Action in the 112th Congress

The FY2011 fiscal year began on October 1, 2010, with no THUD appropriations act in place. The House had passed a THUD appropriations bill (H.R. 5850), but the Senate had not taken up a bill (S. 3644) that had been reported out of committee. In fact, Congress had not passed any appropriations acts by the beginning of FY2011. With midterm elections looming, Congress passed a continuing resolution (P.L. 111-242) to fund the government through the beginning of December at roughly FY2010 funding levels.

The results of the midterm elections determined that the House would be under new leadership in the 112th Congress. After the elections, the 111th Congress passed two more short-term continuing resolutions, but was unable to reach agreement on a long-term appropriations bill before the end of the 111th session, and passed a fourth continuing resolution (P.L. 111-322) prior to adjourning to fund the government through March 4, 2011, again at roughly FY2010 levels.

In the 112th Congress, the House passed (without committee action) a full-year continuing appropriations bill, H.R. 1, on February 18, 2011. This bill would have cut the total FY2011 federal discretionary budget by \$61 billion below the requested level; THUD agencies would have been funded at \$14 billion below the FY2010 enacted discretionary level. On March 9, 2011, the Senate considered both H.R. 1 and an amendment, S.Amdt. 149, that would have funded the government for the remainder of FY2011. S.Amdt. 149 would have cut the total FY2011 discretionary budget by \$43 billion; THUD agencies would have been funded at \$2.2 billion below the FY2010 enacted level. Neither bill was passed by the Senate. See **Table 5** and **Table 8** for details.

The two short-term continuing resolutions passed in March both included reductions in the level of funding that THUD agencies had been receiving during FY2011. P.L. 112-4 cut \$1.163 billion; P.L. 112-6 cut another \$68 million from THUD agencies.

One potentially confusing aspect of the FY2011 appropriations debate in the 112th Congress is that the debate is about discretionary funding. As discussed in “A Note on THUD Budget Numbers” above, discretionary funding represents only about half of THUD’s total annual appropriation. The remainder is contract authority. Consequently, while the funding for THUD in summaries of H.R. 1 is \$52.4 billion, that represents a total funding level of \$108.0 billion.⁶

Department of Transportation Appropriations in the 112th Congress

H.R. 1 would cut DOT funding by \$8.5 billion below the FY2010 enacted level, though most of that reduction (\$6.2 billion) would come from two programs: FRA’s High Speed and Intercity Passenger Rail (HSIPR) program and FHWA’s TIGER II grant program. HSIPR would be cut by almost \$5 billion (rescinding virtually all of the \$2.5 billion provided for FY2010, and providing no funding for FY2011). TIGER II would be cut by \$1.2 billion (rescinding the \$600 million provided for FY2010, and providing no funding for FY2011). Beside those, almost \$1 billion would come from providing no funding for two FHWA grant programs for which no funding had been requested in the FY2011 budget request. The majority of DOT programs would be funded at roughly their FY2010 level under H.R. 1.

The Senate alternative, S.Amdt. 149, would cut DOT funding by \$3.1 billion below the FY2010 enacted level. Half of that reduction would come from funding the HSIPR program at \$1.0 billion, the level requested in the FY2011 budget request, rather than the \$2.5 billion it received in FY2010. Almost \$1 billion would come from not funding the two FHWA earmarked programs for which no FY2011 funding was requested, and another \$700 million would come from rescissions of prior year funding. Other than the zeroing out of HSIPR and TIGER II in H.R. 1, the two proposals were relatively similar. See **Table 5** for details.

Continuing resolutions passed during March 2011 included reductions in some DOT programs. See **Table 6** for details.

Table 5. FY2011 DOT Appropriations in the 112th Congress
(in millions of dollars)

Selected Accounts	FY2010 Enacted	FY2011 Request	H.R. 1	S.Amdt. 149 to H.R. 1
Office of the Secretary (OST)				
National Infrastructure Investment (TIGER II)	600	—	0	600
Total, OST	890	352	288	885
Federal Aviation Administration	15,598	16,468	15,921	16,185
Federal Highway Administration (FHWA)				
Federal-Aid Highways Exempt Obligations	41,846	42,102	41,846	41,846
Additional Funds (discretionary BA)	943	—	0	0
Total, FHWA	42,789	41,839	41,846	41,846

⁶ U.S. Senate Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, Summary of Transportation/HUD Provisions in Senate Year-Long CR, March 4, 2011, <http://appropriations.senate.gov/news.cfm?method=news.view&id=9a2a96fa-05f1-482b-aaaa-64f038a28988>.

Selected Accounts	FY2010 Enacted	FY2011 Request	H.R. 1	S.Amdt. 149 to H.R. 1
Federal Motor Carrier Safety Administration	539	570	550	550
National Highway Transportation Safety Administration	857	878	873	873
Federal Railroad Administration (FRA)				
Rail Safety Technology Grants	50	50	0	50
Amtrak	1,565	1,637	1,413	1,565
High Speed and Intercity Passenger Rail	2,500	1,000	0	1,000
Total, FRA	4,379	2,856	1,657	2,860
Federal Transit Administration (FTA)				
Capital Grants (New Starts)	2,000	1,822	1,569	1,850
Grants to Washington Metropolitan Area Transportation administration	150	150	0	150
Energy Efficiency and Greenhouse Gas Reduction Grants	75	53	0	75
Total, FTA	10,733	10,800	10,075	10,581
Rescissions of prior year funding				
FRA High Speed and Intercity Passenger Rail Grants			-2,475	
FRA Capital Assistance to States for Intercity Passenger Rail Service			-76	
FRA Rail Safety Technology Grants			-50	
OST National Infrastructure Investment (TIGER II)			-599	
FTA Capital Investment Grants			-280	
FTA Energy Efficiency and Greenhouse Gas Reduction Grants			-75	
FHWA Rescission of contract authority				-630
NHTSA Safety Belt Performance Grants				-76
FHWA High Priority Projects (P.L. 109-59)				-8
Rescission subtotal			-3,555	-714 ^a
Total Budget Authority, DOT	21,455	22,880	13,789	18,683
Rescissions	-422	-263	-3,555	-714
Total Obligation Limitation and Exempt Obligations	55,034	55,560	55,034	55,034
Total budgetary resources, DOT	76,817	77,701	68,287	73,717

Source: FY2010 enacted and FY2011 request: budget table in H. Rept. 111-564; H.R. 1 and S.Amdt. 149 to H.R. 1: compiled from estimates provided by the Congressional Budget Office.

Notes: H.R. 1 and S.Amdt. 149 to H.R. 1 deal with discretionary budget authority, and do not reference the majority of DOT annual funding that comes in the form of limitations on obligation of contract authority. That funding is included in this table.

- a. Sec. 2207 of S.Amdt. 149 also rescinded an unspecified amount of unobligated balances of funding from highway authorization acts in the 1980s and 1990s.

Table 6. Reductions in DOT FY2011 Appropriations Made in Continuing Resolutions
(in millions of dollars)

Account	FY2010 Enacted Funding	Reduction
P.L. 112-4 (March 5–March 18, 2011)		
FHWA: Highway Infrastructure Investment (Sec. 122, P.L. 111-117)	650	-650
FHWA: Surface Transportation Projects	293	-293
FRA: Rail Line Relocation Program	35	-25
Total Reduction		-968
P.L. 112-6 (March 19–April 8, 2011)		
FRA: Rail Safety Technology Program	50	-50

Source: P.L. 112-4; P.L. 112-6.

Department of Transportation Appropriations in the 111th Congress

Table 7 presents funding provided for DOT in the FY2010 THUD appropriations act, and the amounts requested for FY2011 by the Administration, provided by the House, and recommended by the Senate Committee on Appropriations.

Table 7. Department of Transportation Appropriations in the 111th Congress
(in millions of dollars; not all accounts are shown, so subtotals and totals may not add)

Office of Agency (Selected Accounts)	FY2010 Enacted	FY2011 Request	FY2011 House	FY2011 Senate Committee
Office of the Secretary of Transportation	\$890	\$352	\$756	\$1,137
Essential Air Service	150	132	146	146
National Infrastructure Development	600	—	400	800
National Infrastructure Innovation and Finance Fund	—	4,000	—	—
Livable Communities Initiative	—	20	20	—
Federal Aviation Administration (FAA)				
Operations (trust fund & general fund)	9,350	9,793	9,793	9,818
Facilities & Equipment	2,936	2,970	3,000	2,970
Research, Engineering & Development (trust fund)	191	190	198	199
Grants-in-Aid for Airports (AIP) (limitation on obligations)	3,515	3,515	3,515	3,515
Subtotal before Contract Authority Rescissions	15,992	16,468	16,506	16,502
Rescission of Contract Authority	-394	—	—	—
Total, FAA	15,598	16,468	16,506	16,502
Federal Highway Administration (FHWA)				
Federal-aid Highways (limitation on obligations)	41,107	41,363	45,218	41,776

Office of Agency (Selected Accounts)	FY2010 Enacted	FY2011 Request	FY2011 House	FY2011 Senate Committee
Exempt Obligations	739	739	739	739
Additional Funds (general funds)	943	—	—	375
Subtotal before Contract Authority Rescissions	42,789	42,102	45,957	42,890
Rescission of Contract Authority	—	-263	-2	-263
Other rescissions	—	—	-34	—
Total, FHWA ^a	42,789	41,839	45,921	42,627
Federal Motor Carrier Safety Administration (FMCSA)				
Motor Carrier Safety Operations and Programs (Highway Trust Fund)	240	260	260	240
Motor Carrier Safety Operations and Programs (general funds)	—	—	—	20
Motor Carrier Safety Grants (Highway Trust Fund)	310	310	310	310
Subtotal before Contract Authority Rescissions	550	570	570	570
Rescission of Contract Authority	-11	—	-22	-41
Total, FMCSA	539	570	548	529
National Highway Traffic Safety Administration (NHTSA)				
Operations and Research (general fund)	140	133	148	173
Operations and Research (Highway Trust Fund)	106	117	110	117
Subtotal, Operations and Research	246	250	258	290
National Driver Register	7	7	7	7
Highway Traffic Safety Grants (Highway Trust Fund)	620	621	626	606
Subtotal before Contract Authority Rescissions	873	878	891	903
Rescission of Contract Authority	-16	—	-8	-82
Total, NHTSA	857	878	883	821
Federal Railroad Administration (FRA)				
Safety and Operations	172	154	203	205
Offsetting fee collections	—	-25	—	—
Railroad Research and Development	38	40	40	40
Rail line relocation and improvement program	35	—	—	—
Safety technology grants	50	50	75	150
High-speed and intercity passenger rail grant program	2,500	1,000	1,400	1,000
Amtrak				
Operating grants	563	563	563	563
Capital grants	1,002	1,052	1,204	1,400
Amtrak Office of Inspector General ^b	19	22	22	20
Total, Amtrak	1,565	1,637	1,767	1,963

Office of Agency (Selected Accounts)	FY2010 Enacted	FY2011 Request	FY2011 House	FY2011 Senate Committee
Total, FRA	4,360	2,856	3,485	3,358
Federal Transit Administration (FTA)				
Administrative expenses	99	114	131	112
Technical assistance and workforce development	—	29	—	—
Formula and bus grants	8,343	8,271	8,961	8,361
Capital investment grants (New Starts)	2,000	1,822	2,000	2,000
Research and university research centers	66	30	65	70
Greenhouse gas and energy reduction	75	53	—	100
Livable communities	—	307	—	—
Washington Metropolitan Area Transit Authority grant	150	150	150	150
Rail transit safety oversight program	—	24	—	—
Subtotal, appropriation	2,390	2,168	2,346	2,432
Subtotal, limitation on obligations	8,343	8,631	8,961	8,361
Total, FTA	10,733	10,800	11,307	10,793
Maritime Administration (MARAD)	363	352	357	391
Assistance to small shipyards	15	—	—	25
Pipeline and Hazardous Materials Safety Administration (PHMSA)				
Administrative expenses	21	22	22	22
Hazardous materials safety	38	40	40	50
Pipeline safety program	105	111	111	111
Emergency preparedness grants to states	29	29	29	29
Total, PHMSA	193	202	202	212
Research and Innovative Technology Administration (RITA)	13	17	19	17
Office of Inspector General	75	80	86	86
Surface Transportation Board^c	28	25	30	29
Totals, Department of Transportation (DOT)				
Total appropriation	21,877	23,143	20,429	21,223
Total limitations on obligations	54,244	54,821	59,005	54,929
Exempt contract authority	739	739	739	739
Total budgetary resources, DOT ^d	76,860	78,703	80,173	76,891
Rescissions	—	—	-34	—
Rescissions of contract authority	-422	-263	-32	-386
Net total budgetary resources, DOT ^e	75,699	77,701	79,367	76,766

Source: Figures are from the text and budget table published in H. Rept. 111-564, except for Senate figures, which are from the text and budget table in S. Rept. 111-230. Because of differing treatment of offsets, the numbers for “FY2011 Request” will not always match the Administration’s budget figures found in other sources.

The figures within this table may differ slightly from those in the text of this report due to supplemental appropriations, rescissions, and other funding actions. Columns may not add due to rescissions, rounding, and exclusion of smaller program line items.

Notes:

- a. The budget tables did not include the \$739 million in exempt contract authority in calculating FHWA's total funding.
- b. The House and Senate bills put the Amtrak OIG funding under Title III ("Related Agencies"; it is shown here for ease of comparison.
- c. The Board also receives \$1 million in "offsetting collections."
- d. Calculated by CRS from the data in the House and Senate budget tables; includes exempt contract authority; excludes rescissions of contract authority.
- e. The budget tables did not include the \$739 million in contract budget authority in calculating DOT's total funding.

Department of Transportation Budget and Key Policy Issues⁷

The President's FY2011 budget requested a total of \$77.7 billion in funding for the Department of Transportation (DOT). That was \$2.0 billion (2.6%) above the \$75.7 billion provided for FY2010. The House-passed bill would provide \$79.4 billion; the Senate Committee on Appropriations recommended \$75.8 billion. Neither bill included the requested \$4 billion for an infrastructure fund, freeing up \$4 billion to be applied to existing programs within the overall requested level.

DOT funding is provided in two forms: discretionary funding drawn from the general fund of the Treasury (i.e., general funds), and contract authority. Contract authority is a type of budget authority—in the case of DOT, derived from the existence of the Aviation and Highway Trust Funds—that is available for "obligation" (which makes the federal government obligated to pay the money to the recipient) as a result of provisions in authorizing legislation, without requiring further legislative action (i.e., without any appropriation by Congress). In order to impose a limit on the amount of money that the government can be obligated to spend, the amount of contract authority is limited by a spending control mechanism called a "limitation on obligations" (often referred to as "ObLim" or "Oblimit"). The ObLim for each year is set in the authorizing legislation, and is included in the DOT appropriations bill. The ObLim is analogous to an appropriation, in that it is the best indicator of the amount of contract authority actually being made available for use by recipients. In this report, references to DOT funding include both discretionary funds and the contract authority ObLim, unless otherwise indicated.

Administration Priorities

The Administration request identified three key transportation priorities: improving transportation safety, investing for the future, and promoting livable communities.

Improving Transportation Safety

The chief new safety initiatives proposed (ranked by amount of funding requested) were preventing distracted driving and strengthening oversight of transit rail safety.

The Administration requested \$50 million for a new Distracted Driving Prevention grant program. Tracking distracted driving trends is difficult, because episodes of distracted driving are difficult to identify and measure. The growing use of cell phones for both conversation and

⁷ References to House and Senate action in this section refer to action in the 111th Congress, unless otherwise indicated.

texting concerns some observers of traffic safety, and some evidence suggests that distracted driving may be a growing problem. Driver distraction was a factor in 16% of traffic fatalities in 2008, up from 12% in 2004. At least 28 states have passed legislation limiting the use of cell phones by drivers. The Distracted Driving Prevention program would make grants to states to support efforts to prevent distracted driving. The funding would be drawn from the seat belt incentive grant program; that program has been in existence since FY1999, and the Administration said it was unlikely that any new states would qualify for funding under that program in FY2011. The House-passed bill and the Senate Committee on Appropriations both supported this request.

Oversight of the safety of transit rail systems is a state responsibility. While passenger fatalities in transit rail are relatively rare, several recent incidents have raised questions about the adequacy of state oversight efforts—particularly in the case of the Washington, DC, Metro system, which operates across two states and the District of Columbia, complicating the implementation of state-level oversight (for further information, see CRS Report R40688, *The Federal Role in Rail Transit Safety*).

The Administration has submitted a proposal to Congress that would give DOT a greater role in oversight of transit rail safety.⁸ In anticipation of the passage of that legislation, the Administration requested \$30 million to implement the provisions of the program. Noting that the legislation has not yet been enacted, the House-passed bill provided \$24 million contingent on passage of the legislation during FY2011; the Senate Committee on Appropriations recommended \$5 million, also contingent on passage of the legislation.

Investing for the Future

The Administration request characterized the majority of the DOT requested funding as investing for the future; most of that funding represents incremental increases (or in some cases, decreases) from FY2010 funding for the same programs. The major new initiative under this heading was a request for \$4 billion for a National Infrastructure Innovation and Finance Fund, described as a down payment on a total of \$25 billion to be sought for this program. This fund would make grants and/or loans to support transportation projects, without regard to mode, that would provide a significant economic benefit to a region or to the nation. A similar request was made last year for a national infrastructure bank; Congress did not support the previous request, and neither the House nor the Senate Committee on Appropriations supported this request.

Congress created a separate grant program that would provide funding exclusively for infrastructure projects of regional and national significance, without regard to mode—the national infrastructure development grant program—in the economic stimulus act of 2009, and provided \$1.5 billion for it; in the FY2010 THUD appropriations act Congress provided another \$600 million for the program.⁹ In turning down the Administration's FY2011 request, both the House and the Senate Committee on Appropriations have again provided additional funding for this program (the House provided \$400 million, the Senate committee recommended \$800 million).

⁸ The Public Transportation Safety Program Act of 2010 (H.R. 4643/S. 3015).

⁹ DOT called this grant program created in the stimulus the TIGER (Transportation Investments Generating Economic Recovery) Grant Program; DOT called the grants awarded with the \$600 million provided in the FY2010 act, which had a similar though not identical set of criteria, TIGER II grants.

Promoting Livable Communities

Land use decisions and transportation decisions affect each other in many ways, but there is little provision for coordinating land use and transportation decisions. As part of the Administration's Partnership for Sustainable Communities initiative, the Administration proposed to direct \$527 million toward encouraging communities to include housing and land use considerations in transportation planning and implementation. The goal of this effort is to promote "livable communities," defined as communities which offer transportation choices to citizens, provide affordable connections between residences and employment centers, reduce greenhouse gas emissions, and promote economic opportunity for residents. This effort is being coordinated with HUD, for which related funding was provided in FY2010 and was requested for FY2011.

Most of the funding would have come from existing transportation programs. Under FTA, the Job Access and Reverse Commute formula program, the Alternatives Analysis grant program, and the State and Metropolitan Planning formula grant program funds would have been refocused toward these goals. Under FHWA, \$200 million would have been used for a new competitive grant program to encourage states, local governments, and tribal governments to integrate transportation, land use, and natural resource conservation planning and development processes. The Administration requested \$20 million in new funding to create an Office of Livable Communities and to make grants and provide technical assistance to states and local governments, and to develop performance measures with which to study the impact of transportation investments on livability.

Both the House and the Senate Committee on Appropriations generally supported this initiative, noting that they have encouraged such interagency cooperation. The House-passed bill supported the livability initiative funding request, though the House declined to restructure the three FTA grant programs into a single livable communities account in the absence of new authorization legislation. The Senate Committee on Appropriations recommended funding for the FHWA grants, but did not provide the requested funding for a new Office of Livability; instead it provided \$3 million to the existing Office of Transportation Policy to develop performance measures.

The Senate Committee on Appropriations repeated its request from last year for the Administration to provide a list of federal laws and regulations that create obstacles to communities pursuing livability initiatives, noting that identifying the existing barriers and addressing them should be the central focus of federal efforts to support livability.¹⁰

Other Transportation Funding Issues

In addition to the new initiatives requested by the Administration, preparing legislation to fund DOT for FY2011, Congress faced several other issues in preparing legislation to fund DOT for FY2011. These included the solvency of the highway trust fund and the pending expiration of authorizations for federal aviation, highway, and transit programs.

Highway Trust Fund Solvency

Typically, all or virtually all federal highway funding is drawn from the highway trust fund, whose revenues come largely from the federal excise tax on the sale of gasoline and diesel fuel.

¹⁰ United States Senate, Committee on Appropriations, Committee report on S. 3644, the Transportation and Housing and Urban Development, and Related Agencies Appropriations Bill, 2011, S.Rept. 111-230, July 23, 2010, p. 10-11.

In addition, around 80% of the Federal Transit Administration's annual funding comes from the highway trust fund.

The federal excise tax on gasoline and diesel fuel has not been increased since 1993. The tax is a fixed amount (18.4 cents per gallon on gasoline, 24.4 cents per gallon on diesel fuel), rather than a percentage of the price of the fuel, so revenues have not increased as the price of gasoline and diesel fuel have increased over that period.¹¹ Inflation has increased construction costs during this period, so the value of the tax has been significantly reduced.

When the federal highway and transit programs were last authorized (in 2005; P.L. 109-59, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA), Congress authorized highway and transit funding to be drawn from the Fund through FY2009. The funding levels in the final bill were lower than the authorizers had initially sought, and were set to the highest level that the highway trust fund was projected to be able to support.

After 2005 a number of events reduced the balance of the fund more than was projected: Congress provided more than the originally authorized level of outlays from the fund in some fiscal years, and the sluggish economy led to fund revenue falling below projections. As a result, the highway trust fund has been paying out more money than it has been taking in for several years. This situation led Congress to transfer \$8 billion in general revenues to the highway trust fund in FY2008, another \$8 billion in FY2009, and \$19.5 billion in March of 2010 to maintain the solvency of the Fund.¹² The fund is now projected to be solvent through FY2012, but will need further action to address the imbalance between its revenues and expenditures (for further information, see CRS Report R41490, *Surface Transportation Funding and Finance*).

Expiration of Federal Transportation Program Authorizations

Funding authorization for aviation programs expired at the end of FY2007, and Congress has repeatedly extended the authorization for the aviation program (for further information, see CRS Report R40410, *Federal Aviation Administration (FAA) Reauthorization: An Overview of Legislative Action in the 111th Congress*).

The SAFETEA highway and transit program authorizations were scheduled to expire on September 30, 2009. The President asked Congress to extend the existing authorization for 18 months, to March 31, 2011, to give the Administration time to prepare a reauthorization proposal. Congressional reaction to that request was mixed, with the House Transportation and Infrastructure Committee leadership urging Congress to pass reauthorization legislation without delay, while the Senate Environment and Public Works leadership supported extending the existing authorization for a time. Congress has not taken up reauthorization, choosing instead to extend the previous authorization repeatedly. Currently the authorization is scheduled to expire in December 2010.

During the last reauthorization of highway and transit programs, the expiring authorization was extended repeatedly, for a total of almost two years beyond the original expiration date, before Congress passed new reauthorization legislation. Then, as now, one of the central issues delaying the passage of a new authorization bill was disagreement over the amount of funding to be provided, and where the funding would come from. State departments of transportation have

¹¹ In 1993, the average price of gasoline was around \$1.05 a gallon. United States Energy Information Administration, "Weekly U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon)," 1993-2010; http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_NUS_DPG&f=W

¹² By law, the Highway Trust Fund is not allowed to go into a negative balance. Instead, the money flowing out of the fund to states would be limited to a level that the Fund could support.

noted that the uncertainty around future funding complicates the planning and scheduling implementation of transportation projects.

Selected DOT Program Funding Details

Essential Air Service (EAS)

The President's budget requested \$132 million for the EAS program, an \$18 million (12%) decrease from the \$150 million Congress provided in FY2010. The House passed, and the Senate Appropriations Committee recommended, \$146 million for this program. These funds are added to \$50 million that is reserved for the program each year, so the total funding proposed by Congress for FY2011 is \$196 million, compared to a total of \$200 million in FY2010 (up from a total of \$123 million in FY2009).

The Administration also proposed to limit future funding in the program to those communities which received subsidies in FY2010. An average of six communities join the program each year. Neither the House-passed bill nor the Senate Committee on Appropriations supported this proposal.

This program seeks to preserve air service to small communities by subsidizing the cost of that service. Supporters of the EAS program contend that preserving airline service to small communities was a commitment Congress made when it deregulated airline service in 1978, as anticipated reductions in air service due to deregulation were claimed to reduce economic development opportunities in rural areas. Critics note that the subsidy cost per passenger is relatively high, that many of the airports in the program serve few passengers, and that some of the airports receiving EAS subsidies are little more than an hour's drive from major airports.

Unintended Acceleration in Passenger Vehicles

During FY2010, public attention was drawn to allegations that certain makes of Toyota vehicles were experiencing episodes of unintended acceleration. Congress held hearings on the issue and examined the National Highway Traffic Safety Administration's response. Witnesses testified that NHTSA receives complaints about unintended acceleration in almost all car makes, and that while it had identified possible causes of such incidents in some Toyota models, in other models investigators had been unable to reproduce unintended acceleration incidents. Some witnesses attributed many of the incidents to driver error, and others suggested that, as software and electronic systems in vehicles grow increasingly complex, those systems may be subject to defects under rare combinations of factors, and thus are extremely difficult to detect. Congress questioned whether NHTSA's Office of Defect Investigation had sufficient electronic and software expertise to thoroughly investigate such possibilities. In the FY2010 Supplemental Appropriations Act¹³ Congress made \$15 million from NHTSA's Safety Belt Performance Grant program funding available for use in investigations of unintended acceleration. The Senate Committee on Appropriations recommended \$4 million for FY2011 for further unintended acceleration research; the House-passed bill did not include additional funding specifically for this purpose, but did add \$1 million (10%) to the funding requested for safety defects investigation activities.

¹³ P.L. 111-212, 124 STAT. 2333.

High-Speed Corridors and Intercity Passenger Rail Service Grant Program (HSIPR)

The President requested \$1 billion for FRA's HSIPR program. The House-passed bill would provide \$1.4 billion for the program; the Senate Committee on Appropriations recommended the requested level, \$1.0 billion.

The HSIPR program was created in the American Recovery and Reinvestment Act (often referred to as the 2009 economic stimulus legislation), with an initial appropriation of \$8 billion. The President said that he would request an additional \$5 billion over five years for the program; he has requested \$1 billion in each of the two budgets submitted since then. In the FY2010 THUD Act, Congress provided \$2.5 billion for the HSIPR program.

The HSIPR program provides grants to states and other entities for capital projects to develop or improve intercity passenger rail service, including high-speed passenger rail service (in this context, "high speed" is defined as 110 miles per hour or more). The first round of grants was awarded in January 2010; the second round of grants was announced in October 2010.¹⁴

Bus and Bus Facilities

FTA's Bus and Bus Facilities Program is a discretionary program that funds bus-related capital projects, including the purchase of new buses, maintenance of existing buses, construction of transfer facilities, intermodal stations, and park-and-ride stations, and bus-related equipment. Typically, most of the program's funds are designated for particular projects; some of these designations are contained in the authorizing legislation, and some in the annual appropriations legislation. The designations contained in the most recent authorizing legislation did not extend beyond FY2009. The FY2010 appropriations act continued to designate only a portion of the funds; consequently, for FY2010 only 20% of the funds in the account were earmarked.

The House did not specify how much of its proposed formula and bus grant account funding would go to the bus program; the Senate Committee on Appropriations recommended \$984 million, approximately the same level as provided in FY2010 (\$982 million¹⁵).

¹⁴ For information about the grants, see <http://www.fra.dot.gov/rpd/passenger/2243.shtml>.

¹⁵ Federal Transit Administration, FY2010 Supplemental Apportionments and Allocations, 75 *Federal Register* #92 (May 13, 2010), p. 27059.

Department of Housing and Urban Development Appropriations

The Department of Housing and Urban Development (HUD) is the federal agency charged with administering a number of programs designed to promote the availability of safe, decent, and affordable housing and promote community development. Most of the funding for the activities of HUD comes from discretionary appropriations provided each year in the annual appropriations acts enacted by Congress. HUD's programs are primarily designed to address housing problems faced by households with very low incomes or other special housing needs. These include several programs of rental assistance for persons who are poor, elderly, and/or have disabilities. Three rental assistance programs—Public Housing, Section 8 Vouchers, and Section 8 project-based rental assistance—account for the majority of the Department's funding (almost 73% in FY2010). Two flexible block grant programs—HOME and Community Development Block Grants (CDBG)—help communities finance a variety of housing and community development activities designed to serve low-income families. Other, more specialized, grant programs help communities meet the needs of homeless persons, including those with AIDS. HUD's Federal Housing Administration (FHA) insures mortgages made by lenders to lower-income home buyers, many of whom have below-average credit records, and to developers of multifamily rental buildings containing relatively affordable units. FHA collects fees from insured borrowers, which are used to sustain the insurance fund and offset its administrative costs. Surplus FHA funds have often been used to offset the cost of the HUD budget.

(For an expanded discussion of recent trends in the HUD budget, see CRS Report R41233, *The Department of Housing and Urban Development (HUD): FY2011 Appropriations*.)

Table 8. FY2011 Appropriations for HUD under H.R. 1, compared to FY2010, the FY2011 Request, and H.J.Res. 44

(in billions of dollars)

Accounts	FY2010 Enacted	FY2011 Request	H.R. 1	H.J.Res. 44
Appropriations				
Management and Administration	1.346	1.379	1.346	1.346
Tenant Based Rental Assistance (Sec. 8 vouchers) (includes advance appropriation for subsequent year)	18.184	19.551	18.080	18.184
Transforming Rental Assistance	0.000	0.350	0.000	0.000
Public housing capital fund	2.500	2.044	1.428	2.500
Public housing operating fund	4.775	4.829	4.626	4.775
Choice Neighborhoods	0.000 ^a	0.250	0.000	0.000
HOPE VI	0.200 ^a	0.000	0.000	0.200
Native American housing block grants	0.700	0.580	0.500	0.700
Indian housing loan guarantee	0.007	0.009	0.007	0.007
Native Hawaiian Block Grant	0.013	0.010	0.000	0.013
Native Hawaiian loan guarantee	0.001	0.000 ^b	0.001	0.001
Housing, persons with AIDS (HOPWA)	0.335	0.340	0.335	0.335
Community Development Fund (Including CDBG)	4.450	4.380	1.500	4.255
Energy Innovation Fund	0.050	0.000	0.000	0.049
Sec. 108 loan guarantee; subsidy	0.006	0.000 ^b	0.006	0.006
Brownfields redevelopment	0.018	0.000	0.000	0.018
HOME Investment Partnerships	1.825	1.650	1.650	1.825
Self-Help Homeownership	0.082	0.060	0.082	0.082
Homeless Assistance Grants	1.865	2.055	1.865	1.865
Project Based Rental Assistance (Sec. 8)(includes advance appropriation for subsequent year)	8.552	9.382	9.276	8.552
Housing for the Elderly	0.825	0.274	0.238	0.825
Housing for Persons with Disabilities	0.300	0.090	0.090	0.300
Housing Counseling Assistance	0.088	0.088	0.000	0.088
Manufactured Housing Fees Trust Fund	0.016	0.014	0.025	0.025
Rental Housing Assistance	0.040	0.041	0.040	0.040
FHA Expenses	0.217	0.466	0.216	0.198
Research and technology	0.048	0.087	0.048	0.048
Fair housing activities	0.072	0.061	0.071	0.071
Office, lead hazard control	0.140	0.140	0.120	0.140
Working capital fund	0.200	0.244	0.200	0.200

Accounts	FY2010 Enacted	FY2011 Request	H.R. 1	H.J.Res. 44
Inspector General	0.125	0.122	0.125	0.125
Transformation Initiative-Combating Mortgage Fraud	0.020	0.020	0.071	0.020
<i>Appropriations Subtotal (Including advances provided in current year for subsequent year)</i>	<i>46.998</i>	<i>48.515</i>	<i>41.946</i>	<i>46.793</i>
Rescissions				
HOPE VI Rescission	0.000	0.000	-0.198	0.000
Sustainable Communities Rescission	0.000	0.000	-0.130	0.000
Energy Innovation Fund Rescission	0.000	0.000	-0.050	0.000
Brownfields Redevelopment Rescission	0.000	0.000	-0.017	0.000
Rental housing assistance rescission	-0.072	-0.041	0.000	-0.041
<i>Rescissions Subtotal</i>	<i>-0.072</i>	<i>-0.041</i>	<i>-0.395</i>	<i>-0.041</i>
Offsetting Collections and Receipts				
Manufactured Housing Fees Trust Fund	-0.007	-0.007	-0.016	-0.016
Federal Housing Administration (FHA)	-0.140	-2.177	-2.212	-2.212
GNMA	-0.720	-0.720	-0.746	-0.729
<i>Offsets Subtotal</i>	<i>-0.867</i>	<i>-2.904</i>	<i>-2.974</i>	<i>-2.957</i>
Authorized Budget Authority	46.059	45.571	38.577	43.795
Available Budget Authority (adjusted for advances)	46.066	45.564	38.577	43.795

Source: Table prepared by CRS based on H.Rept. 111-564, 111th Congress, and Congressional Budget Office estimates of H.R. 1 and H.J.Res. 44.

- a. Of the amount provided for HOPE VI in FY2010, \$65 million was set-aside for a Choice Neighborhoods demonstration.
- b. The President's budget requested a new fee structure for this account which would eliminate the need for appropriations.

Summary of HUD Funding Under H.R. 1

In terms of net budget authority, HUD would receive about 16% less in FY2011 under H.R. 1 than the agency received in FY2010. Part of this reduction in funding under H.R. 1 would be accomplished by rescinding the FY2010 funding provided for three accounts and one program. Specifically, H.R. 1 would rescind funding from FY2010 that has not yet been obligated by HUD in the HOPE VI account, the Energy Innovation Fund account, the Brownfields Redevelopment account, and the Sustainable Communities Initiative program within the Community Development Fund account. (A broader discussion of each of these programs, along with the other programs discussed in this section, is included under "HUD Budget and Key Policy Issues.") Part of this reduction in net budget authority is attributable to an increase in the amount of offsetting receipts estimated to be available from the FHA insurance fund in FY2011 compared to FY2010.

In terms of gross appropriations (not accounting for rescissions and the availability of offsetting receipts), HUD's FY2011 funding under H.R. 1 would be reduced by about 11% from the FY2010 level. These reductions would be accomplished through cuts to many HUD accounts. H.R. 1 would provide no new funding for the three accounts and one program for which FY2010

amounts would be rescinded. Additionally, no new funding would be provided for HUD's Housing Counseling Assistance program and the Native Hawaiian Block Grant program. The largest total dollar amount reduction would be made to the Community Development Fund, which funds a number of programs, the largest of which is the Community Development Block Grant program (CDBG). Under H.R. 1, the block grants provided to states, insular areas, and entitlement communities through CDBG would be reduced by about \$3 billion, a cut of about 63% from the FY2010 level. The Section 202 Housing for the Elderly and Section 811 Housing for Persons with Disabilities accounts would each be reduced by about 70%. The Public Housing program, which receives the third-largest share of HUD's budget (after the Section 8 voucher program and the Section 8 project-based rental assistance program, each described later), receives several streams of funding, all of which would be reduced under H.R. 1, but by different magnitudes. Funding for capital repairs and modernization under the Capital Fund would be cut by over 40% from FY2010 levels and competitive grants for major revitalization of public housing (through the HOPE VI program) would be eliminated, as noted earlier. Funding for the ongoing maintenance and operation of public housing, which is provided through the Operating Fund, would be reduced by about 3%.

For the largest account in HUD's budget, the Section 8 rental assistance account, which funds the Section 8 voucher program, H.R. 1 would only slightly reduce funding compared to FY2010 (about 1%). Advocates have contended that the amount provided under H.R. 1 would be sufficient to fund the renewal of most, if not all, of the Section 8 vouchers currently in use by low-income families to reduce their rents in the private market. However, advocates have raised concerns that the amount provided under H.R. 1 may not be sufficient to fully fund all of the rental vouchers for low-income persons with disabilities provided through the Section 811 program and currently in use.¹⁶ The renewal costs of those vouchers were proposed to be transferred to the Section 8 Tenant-Based Rental Assistance account from the Section 811 Housing for Persons with Disabilities account. It is unclear if that transfer would take place under H.R. 1, and, regardless, neither the amount provided under the Section 811 Housing for Persons with Disabilities account nor the amount provided under the Section 8 Tenant-Based Rental Assistance account is estimated to be sufficient to cover the cost of renewing those vouchers.

Two accounts would receive funding increases under H.R. 1. The Section 8 project-based rental assistance account would receive an 8% increase under H.R. 1, which should be sufficient to fully fund the renewal of rental assistance contracts between HUD and the private property owners who rent their properties to low-income families under this program. Also, HUD's initiative to address mortgage fraud would be increased more than three-fold, from about \$20 million in FY2010, to over \$70 million under H.R. 1.

¹⁶ See "House Spending Bill Renews Most Low-Income Rental Assistance but Would Undercut Efforts to Reduce Homelessness and Meet Other Critical Housing Needs," By Douglas Rice, Center on Budget and Policy Priorities, March 7, 2011.

Table 9. HUD Appropriations in the 111th Congress
(in billions of dollars)

Accounts	FY2010 Enacted	FY2011 Request	FY2011 House	FY2011 Senate Comm.
Appropriations				
Management and Administration	1.346	1.379	1.335	1.372
Tenant Based Rental Assistance (Sec. 8 vouchers) (includes advance appropriation for subsequent year)	18.184	19.551	19.396	19.496
Transforming Rental Assistance	0.000	0.350	0.000	0.000
Public housing capital fund	2.500	2.044	2.500	2.510
Public housing operating fund	4.775	4.829	4.829	4.829
Choice Neighborhoods	^a	0.250	0.000	0.250
HOPE VI	0.200	0.000	0.200	0.000
Native American housing block grants	0.700	0.580	0.700	0.700
Indian housing loan guarantee	0.007	0.009	0.009	0.009
Native Hawaiian Block Grant	0.013	0.010	0.010	0.013
Native Hawaiian loan guarantee	0.001	0.000 ^b	0.001	0.001
Housing, persons with AIDS (HOPWA)	0.335	0.340	0.350	0.340
Community Development Fund (Including CDBG) ^c	4.450	4.380	4.382	4.450
Energy Innovation Fund	0.050	0.000	0.000	0.000
Sec. 108 loan guarantee; subsidy	0.006	0.000 ^b	0.010	0.006
Brownfields redevelopment	0.018	0.000	0.018	0.000
HOME Investment Partnerships	1.825	1.650	1.825	1.825
Self-Help Homeownership	0.082	0.060	0.082	0.082
Homeless Assistance Grants	1.865	2.055	2.200	2.055
Project Based Rental Assistance (Sec. 8) (includes advance appropriation for subsequent year)	8.552	9.382	9.382	9.382
Housing for the Elderly	0.825	0.274	0.825	0.825
Housing for Persons with Disabilities	0.300	0.090	0.300	0.200
Housing Counseling Assistance	0.088	0.088	0.088	0.100
Manufactured Housing Fees Trust Fund	0.016	0.014	0.014	0.014
Rental Housing Assistance	0.040	0.041	0.041	0.041
FHA Expenses	0.217	0.466 ^d	0.356	0.374
Research and technology	0.048	0.087	0.050	0.062
Fair housing activities	0.072	0.061	0.072	0.072
Office, lead hazard control	0.140	0.140	0.140	0.140
Working capital fund	0.200	0.244	0.244	0.244

Accounts	FY2010 Enacted	FY2011 Request	FY2011 House	FY2011 Senate Comm.
Inspector General	0.125	0.122	0.122	0.125
Transformation Initiative-Combating Mortgage Fraud	0.020	0.020	0.020	0.020
<i>Appropriations Subtotal (including advances provided in current year for subsequent year)</i>	<i>46.998</i>	<i>48.515</i>	<i>49.500</i>	<i>49.536</i>
Rescissions				
Rental housing assistance rescission	-0.072	-0.041	-0.041	-0.041
<i>Rescissions Subtotal</i>	<i>-0.072</i>	<i>-0.041</i>	<i>-0.041</i>	<i>-0.041</i>
Offsetting Collections and Receipts				
Manufactured Housing Fees Trust Fund	-0.007	-0.007	-0.007	-0.007
Federal Housing Administration (FHA)	-0.140	-2.177	-2.177	-2.177
GNMA	-0.720	-0.720	-0.720	-0.720
<i>Offsets Subtotal</i>	<i>-0.867</i>	<i>-2.904</i>	<i>-2.904</i>	<i>-2.904</i>
Authorized Budget Authority	46.059	45.571	46.555	46.592
Available Budget Authority (adjusted for advances)^e	46.066	45.564	46.549	46.586

Source: Table prepared by CRS based on information provided by the House Committee on Appropriations, Transportation-HUD Subcommittee, H.Rept. 111-564, adjusted for amendments, and S.Rept. 111-230. President's request levels reflect CBO's re-estimate of the President's budget request.

- In the FY2010 appropriations act, Congress provided \$200 million to the HOPE VI account, \$65 million of which was to be used for a Choice Neighborhoods demonstration.
- The President's budget proposes to restructure this program so that it no longer requires a credit subsidy.
- The Dodd-Frank Wall Street Reform and Consumer Protection Act included a \$1 billion appropriation for a third round of Neighborhood Stabilization Program grants in FY2011 (Section 1497 of P.L. 111-203). The Supplemental Appropriations Act, 2010 (P.L. 111-212) included an FY2010 emergency appropriation of \$100 million for CDBG disaster relief funding for areas affected by flooding in spring 2010. These amounts are not shown in the table, as they are not included in the committee estimates.
- Includes a \$250 million credit subsidy for the Home Equity Conversion Mortgage (HECM) program.
- Amounts labeled "budget authority available" exclude advance appropriations provided in the current year for use in the subsequent year and include advance appropriations provided in the prior year for use in the current year. In FY2010, Congress provided an advance appropriation of \$394 million for the project-based rental assistance account, and an advance appropriation of \$400 million provided in FY2009 became available. For FY2011, the President's budget requests an advance of \$400 million for the project-based rental assistance account, and the advance appropriation of \$394 million provided in FY2010 will become available. These differences in advance appropriation amounts account for the differences between the total budget authority provided and the total budget authority available.

HUD Budget and Key Policy Issues¹⁷

For FY2011, the President's budget requested about \$45.6 billion in net new budget authority for HUD, a decrease of about 1% from the FY2010 enacted level. However, the requested decrease in net new budget authority would actually include a 3% increase in appropriations for HUD programs in aggregate. The overall increase in appropriations would be more than offset by a substantial increase in offsetting collections and receipts, which are estimated to come from proposed changes to the FHA mortgage insurance programs. The two Section 8 rental assistance programs would receive the largest increases, followed by increases for programs for the homeless and for HUD's research and technology needs. Other programs would receive decreased funding, such as programs providing housing for persons who are elderly or who have disabilities and capital repairs in public housing, and the brownfields redevelopment program would no longer be funded.

The FY2011 HUD funding bill approved by the House on July 29, 2010 (H.R. 5850), would provide about \$1 billion more for HUD than requested by the President. It would provide a 1% increase in net new budget authority over the FY2010 enacted level and a 5% increase in appropriations for HUD programs in aggregate.

The House bill rejects the President's proposed cuts to housing programs for persons who are elderly and persons with disabilities, public housing capital funding, and the brownfields program. The bill also rejects funding for several of the President's proposed initiatives, including Choice Neighborhoods and Transforming Rental Assistance.

Like the House bill, the FY2011 HUD funding bill approved by the Senate Appropriations Committee on July 23, 2010 (S. 3644), would provide about \$1 billion more for HUD than requested by the President. Like the House bill, the Senate Appropriations Committee bill would provide a 1% increase in net new budget authority over the FY2010 enacted level and a 5% increase in appropriations for HUD programs in aggregate.

The Senate Appropriations Committee bill would also reject the President's proposed cuts to housing programs for persons who are elderly and persons with disabilities, public housing capital funding, and the brownfields program. Unlike the House bill, the Senate Appropriations Committee bill would fund the President's Choice Neighborhoods Initiative.

The following sections of this report provide a brief discussion of selected key policy issues related to FY2011 HUD appropriations. (For an expanded discussion of HUD's budget and policy issues, including discussions of funding for Public Housing, Section 8, Housing Counseling, Community Development Block Grants (CDBG), and more, see CRS Report R41233, *The Department of Housing and Urban Development (HUD): FY2011 Appropriations*).

Federal Housing Administration Reforms and Credit Subsidy Estimates

In response to concerns over the financial stability of the Mutual Mortgage Insurance (MMI) Fund, FHA has announced a number of proposed changes to its single-family mortgage insurance programs. FHA can implement some of these changes administratively, while others will require congressional action.

Assuming the reforms proposed by the Administration are implemented, the Administration estimates that the Purchase and Refinance risk category of the MMI Fund will generate about \$5.8 billion in negative credit subsidy, meaning it will make money for the government in

¹⁷ References to House and Senate action in this section refer to the 111th Congress, unless otherwise indicated.

FY2011. The Congressional Budget Office, in its re-estimate of the President's budget, has estimated that the MMI Purchase and Refinance risk category will generate a much smaller negative credit subsidy than the Administration projects, around \$1.9 billion. This includes \$960 million without FHA's proposed changes, and an additional \$902 million resulting from the proposed changes.

Another risk category in the FHA MMI fund, the Home Equity Conversion Mortgage (HECM) program, is not estimated to "make money" in FY2011, but instead, is estimated to require an appropriation of \$250 million. In FY2010, HUD took steps to make changes to the HECM program so that it would not require a positive credit subsidy. For FY2011, HUD is proposing to increase the HECM borrowers' annual insurance premiums from the current 0.5% of the loan balance to 1.25% of the loan balance. HUD is also considering another decrease in the factors which determine the amount of funds that HECM borrowers may initially obtain from the loans.

On balance, including the Purchase and Refinance risk category, as well as the HECM program, FHA is expected to generate excess receipts in FY2011 that can be used to offset the HUD budget. However, HUD's estimate of how much will be available in offsetting receipts is higher than CBO's estimate, and will be at least partly dependent on the adoption of program reforms.

(For an expanded discussion of FHA funding and reform proposals, see CRS Report R41233, *The Department of Housing and Urban Development (HUD): FY2011 Appropriations*.)

Funding Levels for Housing for the Elderly and Persons with Disabilities

For FY2011, the President proposed that no new units of Section 202 and Section 811 housing be funded in order to give HUD time to "redesign" the programs.¹⁸ This would result in reduced funding for both programs. Under the President's proposal, Section 202 and related programs¹⁹ would be funded at \$274 million, compared to \$825 million in FY2010. The Section 811 program would receive \$90 million in FY2011, compared to \$300 million in FY2010.

Both H.R. 5850 and S. 3644 reject the President's proposed reductions and would fund the Section 202 program at the same level as in FY2010 (\$825 million). The House bill would fund the Section 811 program at the FY2010 level (\$300 million), while the Senate Appropriations Committee bill would fund the program at \$100 million less than the FY2010 level (\$200 million). The Senate Appropriations Committee report indicates that the committee believes less funding is needed for the account because the committee provided funding to meet the renewal needs of existing Section 811 vouchers through another account, the Section 8 tenant-based rental assistance account.

(For an expanded discussion of the Section 202 and 811 budget, see CRS Report R41233, *The Department of Housing and Urban Development (HUD): FY2011 Appropriations*.)

HOPE VI and Choice Neighborhoods

As in FY2010, the President's FY2011 budget requests no new funding for the HOPE VI program; instead, it requests \$250 million for the Choice Neighborhoods Initiative. Choice Neighborhoods was a new Obama Administration proposal in the FY2010 budget. It is modeled after the HOPE VI program, which provides competitive grants to local public housing authorities

¹⁸ U.S. Department of Housing and Urban Development, *FY2011 Budget Summary: Investing in People and Places*, pp. 20-21, <http://hud.gov/budgetsummary2011/full-budget-2011.pdf>.

¹⁹ The Section 202 account also includes funding for Service Coordinators and the Assisted Living Conversion Program.

(PHAs) to revitalize severely distressed public housing. The Choice Neighborhood Initiative would broaden the scope of HOPE VI by offering competitive grants to revitalize severely distressed neighborhoods, not limited to public housing. In addition to PHAs, local governments, nonprofits, and for-profit developers would be eligible to compete for the funding. In FY2010, Congress provided \$200 million to the HOPE VI account, but set aside up to \$65 million for a Choice Neighborhoods demonstration.

As they did in FY2010, the House and Senate have taken different positions in FY2011 on funding for HOPE VI and Choice Neighborhoods. H.R. 5850 would provide \$200 million for HOPE VI, but no funding for Choice Neighborhoods. S. 3644 would provide no funding for HOPE VI, but \$250 million for Choice Neighborhoods.

(For an expanded discussion of Choice Neighborhoods and HOPE VI, as well as other funding for public housing, see CRS Report R41233, *The Department of Housing and Urban Development (HUD): FY2011 Appropriations*.)

New Initiatives

Transforming Rental Assistance

President Obama's FY2011 budget requests \$350 million for a new "Transforming Rental Assistance" initiative. According to the President's budget documents, the initiative is designed to streamline HUD's multiple rental assistance programs and increase residential mobility options for HUD-assisted tenants. Specifically, the funding would be used to transfer a variety of HUD-assisted housing units with project-based rental assistance from their existing subsidy types to a new form of project-based rental assistance, which is expected to be more expensive. According to the President's budget documents, this new form of rental assistance will feature tenant mobility, meaning that families living in units receiving this new form of project-based rental assistance would have the option to take their subsidies with them if they choose to move to a new unit of private market housing. The new assistance is modeled partly after the Section 8 project-based voucher program, which also features tenant mobility.

The Administration has circulated draft legislation to make the statutory changes necessary to implement the initiative; the draft bill is entitled the Preservation, Enhancement, and Transformation of Rental Assistance Act. The House Financial Services Committee held a hearing on the draft legislation, but formal legislation has not been introduced.²⁰

Neither H.R. 5850 nor S. 3644 included funding for the President's Transformation Initiative.

(For an expanded discussion of Transforming Rental Assistance, see CRS Report R41233, *The Department of Housing and Urban Development (HUD): FY2011 Appropriations*.)

Community Development

Catalytic Competition Grants

The Administration requested \$148.5 million for a new initiative aimed at supporting economic development projects in distressed areas. The proposed Catalytic Competition Grants Program (CCGs) would use the statutory framework of the CDBG program. Unlike CDBG funds, which

²⁰ House Financial Services Committee, Full Committee Hearing, *The Administration's Proposal to Preserve and Transform Public and Assisted Housing: The Transforming Rental Assistance Initiative*, May 25, 2010.

are allocated to states and local governments by formula, the CCG program funds would be awarded competitively to local governments, nonprofit entities, or consortia of public, nonprofit, and for-profit entities, including local governments, states, and community development corporations. Neither H.R. 5850 nor S. 3644 included funding for this program.

Sustainable Communities

The Administration requested \$148.5 million to fund its multipronged Sustainable Communities Initiative (SCI). This is the same amount requested by the Administration and approved by Congress for FY2010, the first year of the SCI. The SCI appropriations will be used to fund the program's four components: Regional Integrated Planning Grants, Community Challenge Grants, Housing-Transportation Integration Research, and Capacity Building Program and Tools Clearinghouse. Both H.R. 5850 and S. 3644 would fund this program at the President's requested level.

(For an expanded discussion of these community development initiatives, as well as other community development programs, including the Community Development Block Grant program, see CRS Report R41233, *The Department of Housing and Urban Development (HUD): FY2011 Appropriations*.)

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